

SUMMARY OF BUSINESS OPPORTUNITY

Nature of Business and Services Provided

This business opportunity entails the operation and management of hostel overnight accommodations and related services within Redwood National and State Parks. These visitor services will be authorized through a concession contract issued by the National Park Service under the National Park Service Concession Management Improvement Act of 1998, 16 U.S.C. §5951 *et seq.* (“1998 Concession Act”) and its implementing regulations, 36 C.F.R. Part 51, copies of which are in the appendices to this Prospectus. A draft of that concession contract, CC-REDW001-07 (“Draft Contract”) is included in part V of this Prospectus.

Certain types of visitor services must be provided under the Draft Contract (and are referred to as “Required”); other types of visitor services may be provided at the option of the concessioner (and are referred to as “Authorized”). The Required and Authorized visitor services in the Draft Contract include:

Required Services	Authorized Services
Peak Operating Season (May 15th through Sept 15th)	Sheltered Overnight Sleeping Accommodations Other
Sheltered Overnight Sleeping Accommodations including Sanitary Facilities	Operating Season extending outside of May 15th through Sept 15th including Sanitary Facilities
	Laundry Services
	Gift and Souvenir Sales including Handicraft and Native American Handicraft Sales
	Limited Food Service/Catering
	Limited Grocery and Convenience Services
	Guide/Interpretive Services
	Limited Book and Travel Brochures
	Other Services such as Equipment Rentals, Memberships, and Telephone Access

Similar visitor services are being provided by an existing concessioner, who is authorized under an existing concession contract issued under a since repealed concession law.

Preferred Offeror Determination

The 1998 Concession Act and its implementing regulations include a limited right of preference in renewal for certain smaller and outfitter and guide concession contracts. Under those authorities, the existing concessioner is a “Preferred Offeror” who is eligible to exercise a right of preference to the award of the Draft Contract in accordance with 36 C.F.R. Part 51. That right of preference allows the Preferred Offeror (if it submits a responsive proposal for the Draft Contract) to match in accordance with the requirements of 36 C.F.R. Part 51 the terms and conditions of any competing proposal determined to be the best responsive proposal.

Government Owned Facilities

The hostel facilities (“Concession Facilities”) are owned by the government and will be assigned to the Concessioner during the term of this Contract. The Concession Facilities are illustrated on Exhibit C. The Concessioner will be required to maintain the Concession Facilities to National Park Service standards as expressed in Section 9 of the Draft Contract and Contract Exhibit E: Maintenance Plan (attached).



Initial Investment

The equipment, personal property, merchandise and other inventory property currently located at the Concession Facilities belongs to the existing concessioner. The existing concession contract does not require purchase by the new concessioner of those assets or other compensation of the existing concessioner for any of those assets used or held for use in connection with the concession operations. An incoming concessioner will be required to provide all necessary personal property for this operation. The National Park Service estimates an initial personal property investment cost of \$11,800 and estimated initial working capital for management relocation, marketing costs, and inventory of \$6,000.

No capital improvements are allowed under the Draft Contract.

Annual Gross Receipts and Franchise Fees

	2001	2002	2003	2004	2005
Gross Receipts	\$77,013	\$86,926	\$85,956	\$82,604	\$85,327
Franchise Fee	\$100	\$100	\$100	\$100	\$100

Contract Term

The Draft Contract term will be for seven (7) years. It is anticipated that the Draft Contract will be awarded with a start date of December 1, 2007. However, an earlier start date is preferred if an Offeror is selected and is capable.

Franchise Fee

A minimum annual franchise fee based on the Concessioner's gross receipts will be required. This minimum franchise fee will be equal to either 3% of gross receipts or a flat fee of \$200.00, whichever is greater. However, Offerors may propose a higher minimum franchise fee in accordance with the terms of the prospectus.

NOTE: This summary is provided as a ready reference of key points for interested parties. It does not modify the Prospectus. The Business Opportunity is described in more detail the Prospectus.

